

Message Text

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20

ACTION AGR-20

INFO OCT-01 EA-11 ADP-00 AID-20 COME-00 EB-11 CIAE-00

INR-09 NSAE-00 RSC-01 IGA-02 RSR-01 PA-03 PRS-01

USIA-12 /092 W

----- 048107

R 140725 Z MAR 73

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 5979

INFO AMCONSUL MEDAN

AMCONSUL SURABAYA

UNCLAS JAKARTA 3087

E. O. 16652: N/ A

TAGS: EAGR, EAID, ID

SUBJ: RICE SITUATION

1. MARCH IS LAST MONTH OF CURRENT RICE YEAR AND WOULD NORMALLY BE EVE OF MAIN APRIL- JUNE HARVEST. HARVEST WILL BE DELAYED 4-6 WEEKS DUE TO LATE RAINS. THIS IS CURRENT PROJECTION OF BULOG OPERATIONS FOR MARCH (1,000 METRIC TONS):

BULOG STOCK 3/1 165.3

IMPORTS (283.6)

PL480 42.7

US BROWN (PROGRAMLOAN) 8.4

JAPAN LOAN- MILLED 36.6

JAPAN LOAN- BROWN 39.8

THAILAND 84.7

PAKISTAN 71.4

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TOTAL SUPPLY	448.9
CONSUMPTION	257.3
STOCK 3/31	191.6

NOTE - CONSUMPTION INCLUDES 200,300 MT OF MARKET INJECTIONS, UP FROM PREVIOUS HIGH OF 140,000 MT IN FEBRUARY.

2. FOLLOWING ARRIVALS EXPECTED APRIL AND MAY:

APRIL MAY

FOOD AID:

JAPAN - MILLED	29.2	---
JAPAN - BROWN	23.5	60.1
PL480 (34-800)	23.1	---
MALAYSIA (LOAN)	10.0	---

COMMERCIAL:

THAILAND	42.0	---
THAILAND (GLUTINOUS)	20.0	---
PAKISTAN	77.5	---
BURMA	20.0	---
TOTAL	245.3	60.1

NO RICE IMPORTS ARE IN SIGHT AFTER MAY.

3. WHILE A SUBSTANTIAL PART OF THE 497,000 MT OF RICE AVAILABLE FOR APRIL AND MAY IS EITHER BROWN OR PARBOILED (THE LATTER CONSIDERED VIRTUALLY INEDIBLE HERE), RATION PROGRAM REQUIREMENTS WILL BE ONLY 114,000 MT LEAVING A COMFORTABLE SUPPLY FOR MARKET INJECTIONS,

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THE NEED FOR WHICH WILL DECREASE AS THE CROP COMES IN.

4. AS IMPORTS DROP TO ZERO AFTER MAY, THE SOURCE OF RICE FOR THE

RATION PROGRAM AND ANY MARKET INJECTIONS WILL BE BULOG'S DOMESTIC PROCUREMENT FOR PRICE SUPPORT OPERATIONS. AFTER LAST YEAR'S FIASCO, ALL AGENCIES CONCERNED ARE GEARED UP TO ASSURE THAT PROCUREMENT WILL BE TIMELY. HOWEVER, BULOG'S ABILITY TO OBTAIN SUFFICIENT RICE FOR DISTRIBUTION MAY DEPEND ON HOW MUCH IT IS WILLING TO PAY SINCE MARKET PRICES ARE STILL ABOVE THE FLOOR. UNLESS THIS YEAR'S PRODUCTION IS APPRECIABLY ABOVE THAT OF LAST YEAR, PRICES ARE LIKELY TO STAY ABOVE THE FLOOR EXCEPT DURING THE VERY PEAK OF THE HARVEST. FORTUNATELY, AT THE PRESENT TIME THERE ARE INDICATIONS THAT THE MOST PROBABLE LEVEL OF PRODUCTION FOR THE WET SEASON CROP IS ABOUT THE SAME AS IN 1971/72. NATURALLY, RAINFALL DURING THE REMAINDER OF THE SEASON WILL LARGELY DETERMINE ACTUAL PRODUCTION. THE POSSIBLE RANGE OF PRODUCTION APPEARS TO BE FROM SOMEWHAT LESS THAN 1972/73 TO SOMEWHAT MORE THAN 1971/72. AS SUPPORT AND CEILING PRICES ARE EQUIVALENT, ALTHOUGH AT OPPOSITE ENDS OF THE MARKETING CHANNELS, PURCHASES ABOVE THE SUPPORT PRICE WILL RESULT IN ABOVE-CEILING RETAIL PRICES. BULOG'S PLAN TO OBTAIN 900,000 MT RPT 900,000 MT OF MILLED RICE IN THE DOMESTIC MARKET IN 1973/74 (VS 137,000 MT IN 1972/73 AND 569,000 MT IN 1971/72) IS AS LIKELY TO FAIL DUE TO THE PRICE PROBLEM AS TO THE IMMENSE LOGISTICAL PROBLEM THEY ARE UNDERTAKING AND COUNTING ON THE UNTRIED BADAN URUSAN UNIT DESA TO SOLVE. (THE LATTER ARE VILLAGE COOPERATIVES THAT ARE BEING GIVEN RICE PROCUREMENT RESPONSIBILITIES FOR BULOG IN MANY AREAS.)
GALBRAITH

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